Tax Practitioner Guidelines for Computer-Prepared Returns

Introduction

The Franchise Tax Board (FTB) has established these guidelines for tax practitioners who use personal computers to computer-prepare the following personal income tax returns and business entity tax vouchers filed on paper:

- Form 100-ES, *Corporation Estimated Tax;*
- Form 540, *California Resident Income Tax Return*;
- Form 540-ES, *Estimated Tax for Individuals*;
- Form 540 2EZ, *California Resident Income Tax Return*;
- Form 540NR, *California Nonresident or Part-Year Resident Income Tax Return (Long and Short)*;
- Form 540X, *Amended Individual Income Tax Return*;
- Form 541-ES, *Estimated Tax for Fiduciaries*;
- Form FTB 3519, A*utomatic Extension for Individuals*;
- Form FTB 3522, *LLC Tax Voucher;*
- Form FTB 3537, *Automatic Extension for LLCs;*
- Form FTB 3538, *Automatic Extension for LPs, LLPs, and REMICs;*
- Form FTB 3539, *Automatic Extension for Corps and Exempt Orgs;*
- Form FTB 3563, *Automatic Extension for Fiduciaries*; and
- Form FTB 3582, *Voucher for e-filed Returns*.

This publication also provides information on:

- California's e-file Program. See page 8.
- Filing Business Entity returns, including paperless Schedules K-1 (565 or 568). See page 9.

If you manually prepare your clients' tax returns, you must use the official form as printed and distributed by the FTB or an FTB-approved substitute version.

By following these guidelines, you help accelerate processing and get your clients' refunds to them faster.

As a tax practitioner, you do not need approval by the FTB to computer-prepare your clients' tax returns. However, make sure that the tax software you use produces FTB-approved forms. Ask your software provider for a copy of its FTB-approval letter for the form(s) you want to prepare.

Note: If you use electronic software that allows you the ability to create tax forms that your clients will file with FTB, they may need FTB approval first. Get FTB Pub. 1098, *Guidelines for the Development and Use of Substitute, Scannable, and Reproduced Tax Forms*, and form FTB 1096, *Agreement to Comply with FTB Pub. 1098*, for more information.

To ensure that you receive software updates and other information necessary to produce FTB-approved forms, register with your software provider, as necessary, upon receiving the product.

What's New for 2004

New Business Entity Vouchers and the Scannable Format

For 2004, FTB will support the following Business Entity vouchers in a scannable format: Forms 100-ES, FTB 3522, 3537, 3538, and 3539. These vouchers are added to the existing pool of scannable forms, which include scannable Form 540, and scannable vouchers: Forms 540-ES, 541-ES, FTB 3519, 3563, and 3582. **In an effort to expedite processing, reduce costs, and minimize manual intervention, we have requested that software companies no longer produce or support these vouchers in a format other than scannable.**

To better meet taxpayers' expectations and enable FTB to optimize efficient processing of scannable estimate vouchers (Forms 100-ES, 540-ES, and 541-ES), we will allow software programs to leave the "Amount of payment" blank. This programming alternative for Forms 100-ES, 540-ES, and 541-ES, provides a solution for those taxpayers who determine their estimate payment amount at a later date allowing them to enter the payment amount by hand.

Disaster and Military Designations on Scannable Form 540

We are enlisting support from all preparers to identify all taxpayers with a disaster or military special processing requirement. In addition to instructions to "write the disaster or military special circumstance, in red, in the top margin on Side 1," of scannable Form 540, the Entity Area of scannable Form 540 has two new fields for software to print the words "Disaster," "Military," or both.

Disasters

Certain disasters are legislatively granted additional time for taxpayers to file returns and make tax payments, including estimated tax payments (IRC 7508A / R&TC 18572). We **do** abate interest and any late filing or late payment penalties during the extension period.

We need the following information written in red ink in the top margin of your clients' California tax return:

- Disaster – enter the specific name of the disaster (i.e., 2003 Southern California Wildfires)

Although the disaster indicator in the entity will tell us the taxpayer was affected by some disaster, we also need the **specific disaster** identified **in red ink** in the top margin of the return. With this specific information, we can process the return quickly with the correct extension, if an extension was granted, and adjust interest and penalties as needed.

For more details about *How to Claim a State Tax Deduction for Your Disaster Loss*, get FTB Pub 1034.

Military – Combat Zone/Overseas

Combat Zone – Members of the Armed Forces (including National Guard and reservists called to active duty) and civilians acting under the direction of the Armed Forces in support of those forces, are allowed an extension of 180 days after leaving a combat zone or qualified hazardous duty area (QHDA) for filing returns and paying taxes without interest or penalties. In addition to the 180 days, they are allowed an additional extension of up to 106 days (the number of days they were in a combat zone or QHDA during the filing season).

We need the following information **written in red** in the top margin of the return:

- Combat Zone
- Location or area served: ____________________
- Dates of deployment: From □□/□□/□□ To □□/□□/□□

With this information, we can allow the correct extended due date, adjust interest and penalties as needed, and prevent premature billings from being mailed.

Military Overseas – Members of the Armed Forces (including National Guard and reservists called to active duty) and Merchant Marines working beyond the boundaries of the United States, are allowed an extension of 180 days after returning from overseas for filing returns and paying tax without interest or penalties.

We need the following information **written in red** in the top margin of the return:

- Military Overseas
- Dates of deployment: From □□/□□/□□ To □□/□□/□□

With this information, we can allow the correct extended due date, adjust interest and penalties as needed, and prevent premature billings from being mailed.

For more details about *"Tax Information for Military Personnel,"* get FTB Pub 1032.

Go to **www.ftb.ca.gov/forms** to get or view these publications.

FTB Conforms with IRS Notice 2004-54

FTB will accept the same alternative forms of signature as described in IRS Notice 2004-54. Specifically, it will permit income tax return preparers to sign original returns, amended returns, or requests for filing extensions by rubber stamp, mechanical device, or computer software program. These alternative methods of signing must include either a facsimile of the individual preparer's signature or the individual preparer's printed name.

Income tax return preparers who use alternative methods of signing must provide all of the other preparer information that is required on returns and extensions, such as the name, address, relevant employer identification number, the preparer's individual identification number (social security number or preparer tax identification number), and phone number.

To Verify Estimate Payments

A significant number of returns fall out during processing because taxpayers claim the wrong amount of estimate payment. Confirming estimate payments first will resolve many issues where your clients claim amounts or payments that we don't have on record. This could reduce the number of notices your clients receive in connection with claiming the wrong amount of payments, which is frustrating for you and your clients.

How can you help? Go to our Website **www.ftb.ca.gov/online/myacct/index.html** first. The *View Payments and Balance Due* service allows you or your clients to view:

- Estimated tax payments,
- Recent payments applied to a balance due,
- The total current balance due, and
- A summary of each balance due tax year on the account.

You or your clients will need the following information to complete one of the requests listed above:

- Social security number, and
- 2004 Customer Service Number (CSN)(see Power of Attorney Program, page 10).

A Note about Customer Service Numbers (CSN)
We issue a new CSN to every taxpayer each calendar year. The number is only valid during the year for which it is assigned. Your clients can get their current year CSN online at **www.ftb.ca.gov/online/csn/index.html**.

To ensure the security of taxpayer information, be sure to use the log off button to exit the application. For information about your client's federal income tax account, please contact the IRS at (800) 829-4477.

Form Changes

<u>New Forms</u>

- Form 593, *Real Estate Withholding Remittance Statement.*
- Form 593-B, *Real Estate Withholding Tax Statement.*
- Form FTB 1115, *Request for Consent for a Water's-Edge Re-Election*.
- Form FTB 8455, *California e-file Payment Record*.
- Form FTB 8879, *California e-file Signature Authorization*. FTB is adding electronic signature options to its e-file signature procedures for 2005. These new options mirror those of the IRS by using taxpayer, practitioner, and Electronic Return Originator (ERO) PINs.

<u>Obsolete Forms</u>

- Form 597, *Real Estate Withholding Tax Statement*, is obsolete and replaced by Forms 593, and 593-B.
- Form 593-W, *Real Estate Withholding Exemption Certificate and Waiver Request for Non-individual Sellers*, is now obsolete due to AB 1338 (Stat. 2004, ch. 528).
- Scannable Form 540A, *California Resident Income Tax Return*.

<u>Miscellaneous</u>

- **Scannable Form 540** is the only scannable form that will print from computerized software. (Substitute Form 540 2EZ remains available.)
- **Form FTB 3506** *Child and Dependent Care Expenses Credit*. Earned income must have a source in California and dependent care must be provided in California.
- **Form FTB 3805D**, *Net Operating Loss (NOL) Computation and Limitation – Pierce's Disease*, has been updated to allow carryover credits.
- **Manufacturers' Investment Credit** (MIC) is repealed as of 1/1/04. A credit carryover is allowed for any MIC generated on or after 1/1/94, and before 1/1/04. Get form FTB 3535, *Manufacturers' Investment Credit*, to determine the amount of credit carryover your clients' may claim.
- **Net Operating Losses** (NOLs) are allowed on 2004 tax forms. (See specific forms for details.)
- **Teacher Retention Credit** (code 212) is suspended for tax years 2004 and 2005.

Format Changes

- We removed the large, black, and centered multi-line "patch" from scannable Form 540.
- We removed the top right registration mark from all forms. We also deleted the header line at the top of all sides other than Side 1.
- We removed watermarks from all official forms.
- The **Use Tax** line on Forms 540, 540 2EZ, and 540X is more visible, so as not to confuse it with the total tax line.
- We added the same advisory language to business entity (BE) returns and vouchers. The instructions will read: "Enclose, but do not staple, any payments."
- We updated California Schedule W, *California W-2 Attachment*, to include cautionary language that tells taxpayers **not** to attach checks or money orders to the schedule as well as which withholding forms should be attached. (See the example of Schedule W on page 14.)

Legislative Changes

AB 263 (Stat. 2004, Ch. 868), allows a dividends received deduction for taxable years ending on or after December 1, 1997 and commencing before January 1, 2004 on Form 100X, *Amended Corporation Franchise or Income Tax Return*. Instructions have been updated to allow taxpayers to file amended returns to make the AB 263 election.

AB 1338 (Stat. 2004, Ch. 528), revised the withholding requirements on corporations with no permanent place of business in California to be the same as individuals. Form 593-W allowed non-individual sellers to request a real estate withholding certificate and/or a waiver. Form 593-W is now obsolete and most of the information from 593-W was transferred to Form 593-C.

SB 615 (Stats. 2004, Ch. 388), makes California law compatible with the Servicemembers Civil Relief Act (Public Law 108-189). This means that servicemembers domiciled outside of California, and their spouses, may exclude the member's military compensation from gross income when computing the tax rate on nonmilitary income. Requirements for military servicemembers domiciled in California remain unchanged. Military servicemembers domiciled in California must include their military pay in total income. In addition, they must include their military pay in California source income when stationed in California. However, military pay is not California source income when a servicemember is permanently stationed outside of California. For more information, get FTB Pub. 1032, *Tax Information for Military Personnel*.

SB 1100 (Stat. 2004, Ch. 226), extends form FTB 3503, *Natural Heritage Preservation Credit*. The credits can be awarded for fiscal years 05/06, 06/07, and 07/08.

Note: Currently, there is no funding to award Natural Heritage Preservation credits; therefore, no credits may be claimed for 2004. Contact the Wildlife Conservation Board (WCB) to determine if funding has been restored, if they are accepting qualified contributions of property, and to see if they are awarding new Natural Heritage Preservation credits. Complete form FTB 3503 to claim the credit only if the WCB has resumed awarding the credits.

To get updated information regarding current funding, qualified contributions of property, or the awarding of credits, contact the Wildlife Conservation Board at (916) 445-8448. Or, go to their Website at **www.wcb.ca.gov**.

SB 1100 (Stat. 2004, Ch. 226), suspends form FTB 3505, *Teacher Retention Credit*, credit code number 212, for tax years 2004 and 2005. This credit does not have carryover provisions and will not require updating for the two-year suspension.

SB 1534 (Stat. 2004, Ch. 844) allows more taxpayers to use Form 540 2EZ, *California Resident Income Tax Return*, due to the increased income limitations based on filing status. The 2EZ tables (within the 540 2EZ booklet) will expand to accommodate the increased filling thresholds allowed. (i.e., $100,000 for Single or HOH; $200,000 for MFJ filers)

Voluntary Contributions

Two new voluntary contributions, California Military Family Relief Fund and California Prostate Cancer Research Fund, have been added to Forms 540, 540A, 540 2EZ, Long and Short 540NR, and 541.

- **California Military Family Relief Fund –** Contributions will be used to provide financial aid grants to members of the California National Guard who are California residents, and have been called to active duty.
- **California Prostate Cancer Research Fund –** Contributions will be used to further the research of Prostate Cancer.

Envelope Guidelines

If you provide pre-printed envelopes or labels for delivery to FTB, please use these guidelines. Doing so will expedite timely processing and reduce processing problems.

- Use white envelopes only – **no colored envelopes**, please. Tax practitioners may use their current supply of colored envelopes as long as they have the correct Zip +4, before changing over to white envelopes.
- Use sans serif fonts.
- Ensure the use of the correct address and ZIP +4 extension. Check with your envelope supplier to make sure your supply of envelopes contains current year FTB return mail addresses.

Check FTB's Website at **www.ftb.ca.gov** for current year FTB return mail addresses.

What is Needed to Computer-Prepare California Tax Forms

Tax practitioners must produce computer-prepared forms using:

- Software that produces FTB-approved forms;
- Personal computer hardware required by the software to produce FTB-approved forms (i.e., font cartridges, etc.);
- Good quality, white, standard, stock machine paper (8 1/2 x 11 at minimum 20 lb. weight);
- Black ink; and
- Software user manuals that include instructions for correctly producing FTB-approved forms.

Please read your software provider's user manual (and ALL ***"Read Me's,"*** etc.) to make sure you have the necessary hardware and printer fonts to correctly produce FTB-approved forms. **Note:** ***"Read Me's"*** are a great resource tool to learn about enhancements or revisions made to the software you use.

All printing must be:

- Laser or ink jet;
- Courier 12-point, standard OCR-A font, or standard print font (no bold font);
- Alpha characters must be in upper case;
- Original printed output (no corrections or photocopies accepted); and
- On one side of the paper (scannable forms only).

General Information About Scannable Form 540

(A graphic of this form is shown on page 11.)

The FTB will use its automated processing system to capture information from the tax return, rather than having the information entered manually by key data operators (KDOs).

Form 540 **must** have a scannable band area that contains the taxpayer's tax data. The scanband directly follows the "Name and Address" area. The two-digit field numbers in the scanband area correspond to the line numbers in the conventional area of Form 540. Even though the tax data will print in the scanband and the conventional area of the form, only the tax data in the scanband will be "captured." Monetary amounts in the scanband **must** be whole dollars only, without decimal points or other punctuation. The rest of the scannable form is exactly like the official form.

Note: We will capture the tax practitioner's identification number, i.e., federal employer identification number (FEIN), and the preparer's tax identification number (PTIN), or social security number (SSN) from all personal income tax returns.

Guidelines on How to Enter Taxpayer Entity Information on Computer-Prepared Personal Income Tax Forms

Taxpayer entity information is arranged in fixed positions with defined field lengths. Each field is dedicated to hold specific information such as:

- Spouse name;
- Executor/guardian name;
- Apartment and apartment number (or letter);
- Private mailbox (for the "PMB" to print) and PMB number (or letter); and
- Deceased date of taxpayer or taxpayer's spouse, if any.

It is critical that you enter the taxpayer entity information correctly. This will help the FTB accurately process your clients' tax returns, and help ensure that your clients' refund checks print with the correct name(s) and address. Your clients' entity information should print like the examples shown under *"Taxpayer Entity Information Examples"* shown on page 5.

Note: The FTB encourages the use of the PMB no. field; however, we realize that not all of your clients will choose to use this field.

Two Asterisks (**) in the Entity – THIS IS CRITICAL

Two asterisks (**) in the taxpayer entity area indicate to the FTB that certain taxpayer information is **UNCHANGED** from last year. Print two asterisks ONLY if the taxpayer (and taxpayer's spouse, if any):

- Filed a California Form 540, 540A, 540 2EZ, or Long or Short 540NR tax return last year;
- Did **not** change the address from the one shown on last year's tax return;
- Has the same social security number (SSN or ITIN; if applicable) as last year;
- Has the same name (first, middle, and last) as last year;
- Has the same filing status as last year; and
- Is not deceased.

Otherwise, do not print the asterisks.

Personal Income Taxpayer Name and Address Entry Instructions

Use these instructions when you enter your client's name and address information. It will help reduce processing time and help ensure that refunds are mailed to the correct name(s) and address.

- Alpha characters must be in upper case.
- Other than the hyphen (-) and slash (/), use no punctuation or symbols in the Street Address field.

  See *Taxpayer Entity Information Examples:* JORDAN A TAXPAYER and AUSTIN M JOSEPH on page 5.
- **Do not** use commas or periods to separate address information.
- **Do not** space or use punctuation in the Name Control (first four letters of the taxpayer's last name) field.

Example:			
	McPeak	Enter:	MCPE
	O'Toole	Enter:	OTOO
	De Martino	Enter:	DEMA
	Lee	Enter:	LEE
	Lee-Smith	Enter:	LEES

Note: Form 541-ES and form FTB 3563: Name Control is the first four letters of the estate's or trust's proper name and follows the estate's or trust's FEIN.

- **Do not** include titles or ranks such as DR, MD, ENSIGN, SGT, etc.
- Use Roman numerals (alpha characters) for numeric suffixes that follow the last name.
- Never space in name field(s). **Exception:** Use one space for JR, SR, II, etc., when following the last name.

Example:				
	First name:	JoAnne	Enter:	JOANNE
	Last name:	Von Wodtke	Enter:	VONWODTKE
	Last name:	Lee-Smith	Enter:	LEESMITH
	Last name:	Rush, Sr.	Enter:	RUSH SR

- The taxpayer and spouse SSN must be 11 digits (includes "-"). Enter "000-00-0000" in the SSN field if an individual has applied for or does not have an SSN. See next bullet.
- Individual Taxpayer Identification Number (ITIN): If a taxpayer has a "TIN," it should be entered in the SSN field.

  Note: Form 541-ES and form FTB 3563: The FEIN must be 10 digits (includes "-").
- Enter Principal Business Activity (PBA) code, if applicable, (Scannable Form 540 and Long Form 540NR only). "PBA" will print with the code number (6-digit numeric). Otherwise, leave this field blank.

  See *Taxpayer Entity Information Example:* SARAH E LEE on page 5.
- Use standard abbreviations for the suffix of the street name. See **"Standard Abbreviations"** on page 5.
- **Do not** enter apartment and apartment number/letter in the Street Address field. Enter in the designated "Apartment" and "Apartment Number" fields. These fields are on the same line as the "Street Address" field. **Note:** Use these abbreviations in the "Apartment" field: APT, BLDG, SP, STE, RM, FL, and UN.
- Enter Private Mailbox (PMB) and PMB number/letter in the "PMB" and "PMB number/letter" fields. These fields are on the same line as the "Street Address" field. "PMB" will print with a "PMB number/letter." If no "PMB" leave both fields blank.

  See *Taxpayer Entity Information Example*: MICKEY J ALEXANDER and LYNN S ALEXANDER on page 5.
- Additional Address field is a supplemental field used only for "in care of" name and additional address information. Other than a slash(/), use no punctuation or symbols in this field. See *Taxpayer Entity Information Example:* AUSTIN M JOSEPH on page 5.
- Military "APO" or "FPO" addresses:
  - Enter "APO" or "FPO" in the first three positions of the City field.
  - **Do not** enter the name of the city for "APO" and "FPO" addresses.
  - Enter two-digit state code in the State field:

City field	State Code	ZIP Code Range
APO	AA	34000-34099
APO	AE	09000-09999
FPO	AP	96200-96699 and 98700

  See *Taxpayer Entity Information Example:* ELIJAH M MISSION on page 5.
- In the State field, use the standard two-digit abbreviation for the state or United States possession. See **"State or U.S. Possessions"** on page 5.

- If using a foreign address, enter the country beginning in the State field. (The foreign address field overlays the State and ZIP Code fields, plus five additional positions. The overlay area is for the foreign country name and, if applicable, the foreign country's postal code.)
- The ZIP Code can be 10 digits (includes hyphen "-").
- Enter "DISASTER," if applicable. Otherwise, leave field blank. (Taxpayer **must also** write the qualifying disaster name, in red, in the top margin on Side 1 of Scannable Form 540 and substitute Forms 540 2EZ and Long and Short 540NR.)
- Enter "MILITARY," if applicable. Otherwise, leave field blank. (Taxpayer **must also** write the qualifying military information, in red, in the top margin on Side 1 of Scannable Form 540 and substitute Forms 540 2EZ and Long and Short 540NR.)

  See *Taxpayer Entity Information Examples*: SARAH E LEE, AUSTIN M JOSEPH, and ELIJAH M MISSION on page 5.
- Apply these guidelines, then truncate if the information exceeds the field length.

Taxpayer Entity Information Examples:

```
111-11-1111  LEE  **                   04    PBA 123456
SARAH        E  LEE

1234 STATE ST
CROWN                CA  12345    DISASTER
```

```
111-11-1111  TAXP   **  222-22-2222  04
JORDAN       A  TAXPAYER
KAITLYNN     G  TAXPAYER

12345½ SHORT ST
ANYPLACE            CA  12345
```

```
111-11-1111  JOSE                    04

AUSTIN       M  JOSEPH

HOMESTYLE NURSING HOME
1234 BEAUTIFUL DR-21
WELCOME             CA  54321    DISASTER   MILITARY
```

```
111-11-1111  ALEX   **  222-22-2222  04
MICKEY       J  ALEXANDER
LYNN         S  ALEXANDER

9876 LONGNAME WY                STE   141    PMB 263
WALLACE             CA  12345-6789
```

```
111-11-1111  SMIT                     04
ROBERT       J  SMITH                (DECD 12-10-04)

                               KIMBERLY SMITH
3452 BUSY DR                   APT    5
BORDERTOWN          CA  12345
```

```
111-11-1111  MISS   **                04

ELIJAH      M  MISSION

PO BOX 888
APO                  AP  09876                MILITARY
```

Note: If there is no spouse name, leave the line blank. If there is no additional address or executor/guardian name, leave the line blank.

Standard Abbreviations

AIR FORCE BASE	AFB	PARKWAY	PKY
APARTMENT	APT	PLACE	PL
AVENUE	AV	PLAZA	PLZ
BOULEVARD	BL	POINT	PT
BUILDING	BLDG	POST OFFICE BOX	PO BX
CAUSEWAY	CSWY	ROAD	RD
CENTER	CTR	ROOM	RM
CIRCLE	CIR	SAN/SANTO	SN
COURT	CT	SOUTH *	S
CROSSING	XING	SOUTHEAST *	SE
DEPARTMENT	DEPT	SOUTHWEST *	SW
DRIVE	DR	SPACE	SP
EAST *	E	SQUARE	SQ
EXPRESSWAY	EXPY	STREET	ST
FLOOR	FL	SUITE	STE
FREEWAY	FWY	TERRACE	TER
HIGHWAY	HWY	TRACK	TRAK
LANE	LN	UNIT	UN
LOOP	LP	WALK	WK
NORTH *	N	WALKWAY	WKWY
NORTHEAST *	NE	WAY	WY
NORTHWEST *	NW	WEST *	W
NUMBER	NO		

Never use mixed upper/lower case or # sign.
*Abbreviate only when used as a direction.

State and U.S. Possessions Abbreviations

Alabama	AL	Montana	MT
Alaska	AK	Nebraska	NE
American Samoa	AS	Nevada	NV
Arizona	AZ	New Hampshire	NH
Arkansas	AR	New Jersey	NJ
California	CA	New Mexico	NM
Colorado	CO	New York	NY
Connecticut	CT	North Carolina	NC
Delaware	DE	North Dakota	ND
Dist Columbia	DC	Northern Mariana Islands	MP
Federated States of Micronesia	FM	Ohio	OH
Florida	FL	Oklahoma	OK
Georgia	GA	Oregon	OR
Guam	GU	Palau	PW
Hawaii	HI	Pennsylvania	PA
Idaho	ID	Puerto Rico	PR
Illinois	IL	Rhode Island	RI
Indiana	IN	South Carolina	SC
Iowa	IA	South Dakota	SD
Kansas	KS	Tennessee	TN
Kentucky	KY	Texas	TX
Louisiana	LA	Utah	UT
Maine	ME	Vermont	VT
Marshall Islands	MH	Virgin Islands	VI
Maryland	MD	Virginia	VA
Massachusetts	MA	Washington	WA
Michigan	MI	West Virginia	WV
Minnesota	MN	Wisconsin	WI
Mississippi	MS	Wyoming	WY
Missouri	MO		

Miscellaneous Information

Tax Preparer Identification Number: SSN, PTIN, and FEIN
Tax preparers have the option of using either their SSN or PTIN in the *"Paid preparer's SSN/PTIN"* box in addition to their FEIN when signing tax returns for their clients.

Direct Deposit of Refund (DDR)
DDR is available to your clients who file their personal income tax return electronically or on paper and to your business entity clients who file Forms 100, 100W, 100S, and 109. When your clients select this option, be sure to complete **ALL three** fields in the "Direct Deposit of Refund" area (Side 2 on personal income tax returns; Side 1 on business entity income tax returns).

Payment Options

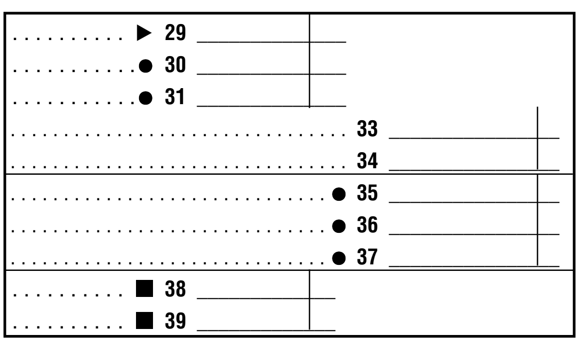
- **Web Pay –** Your clients can enjoy the convenience of online bill payment with **Web Pay**. This secure service lets the taxpayer pay the current amount owed and schedule future payments, such as estimated tax, up to one year in advance. The taxpayer selects the amount to pay and when to pay it. FTB will deduct the payment from the taxpayer's account on the date selected. The social security number, bank account and routing number, and current customer service number is needed to use this service.
- **Credit Card –** Your clients may use their Credit Card to make payments using Discover/NOVUS, MasterCard, Visa, or American Express. They can make payments online or by phone. For more information about fees, etc., call (800) 272-9829, or visit the Website **www.officialpayments.com**.
- **Check –** Provide the correct form to report the payment, then your clients should:
  1. Make a check or money order payable to the Franchise Tax Board.
  2. Write their social security number and tax year on the check or money order.
  3. Mail the payment to:
     Franchise Tax Board
     PO Box 942867
     Sacramento CA 94267-0001

What are Keying Symbols?
Keying symbols are important. Although FTB will process most personal income tax returns through its automated imaging system, there are times when certain returns require manual intervention by FTB's KDOs.

Keying symbols are shown on all computer-prepared tax returns, including the conventional parts of scannable Form 540. They will print to the left of specified tax data line numbers. They reduce time and guide KDOs to enter the correct tax return information.

Exact placement, shape, and size of keying symbols that will be present on the 2004 personal income tax returns is shown below in the snapshot of a 2004 Form 540.

Note: Before you give your clients their returns to file, please verify that these symbols are present. If they are not present, please read your software company's user manual and make sure you have the minimum hardware and printer fonts necessary to print FTB-approved forms. If you cannot determine why the keying symbols do not print correctly, contact your software provider's technical support staff.



Fiscal Year Filers
If any of your clients file their personal income tax return on a fiscal year basis, the tax software you use must accommodate their needs. Not all tax software products support the filing of fiscal year personal income tax returns. As a result, you may need to complete the tax returns for your fiscal year clients manually.

Always remember to enter the fiscal year date as the filing date for your fiscal year clients; otherwise, the FTB will process the tax return as a calendar year tax return. When this happens, the tax return most likely will appear to be delinquent in some way. As a result, your fiscal year clients could receive a delinquent or late payment of tax penalty or an underpayment of estimated tax penalty and may be assessed interest.

Contact your software provider and confirm the tax software you use supports fiscal year filing for personal income tax filers.

Prior Year and Amended Returns
Do not use 2004 software to file a prior year tax return.

Amend personal income tax Forms 540, 540A, 540 2EZ, and Long or Short 540NR by completing Form 540X, *Amended Individual Income Tax Return*. **Note:** When amending Long or Short Form 540NR, you **must** also attach a revised Long or Short Form 540NR to Form 540X.

Amend corporate income tax Forms 100, 100S, and 100W by completing Form 100X, *Amended Corporation Franchise or Income Tax Return*.

Payment Forms (Vouchers)

There are several types of scannable payment vouchers:

- Form 100-ES, *Corporation Estimated Tax,* is used by business entities to figure and pay the business entity's estimated tax.
- Form 540-ES, *Estimated Tax for Individuals*, is used by taxpayers to figure and pay their estimated tax.
- Form 541-ES, *Estimated Tax for Fiduciaries*, is used to figure and pay estimated tax for an estate or trust.
- Form FTB 3519, *Automatic Extension for Individuals*, is used **only** if taxpayers cannot file their 2004 tax return by April 15, 2005, and tax is due.
- Form FTB 3522, *LLC Tax Voucher*, is used to pay the annual LLC Tax of $800 for 2005.
- Form FTB 3537, *Automatic Extension for LLCs*, is used **only** if a limited liability company owes tax or fees for 2004 and is unable to file Form 568, *Limited Liability Company Return of Income*, by the original due date.
- Form FTB 3538, *Automatic Extension for LPs, LLPs, and REMICs*, is used **only** if a partnership owes tax for 2004 and is unable to file Form 565, *Partnership Return of Income*, by the original due date.
- Form FTB 3539, A*utomatic Extension for Corps and Exempt Orgs*, is used **only** if a corporation or exempt organization owes tax for 2004 and is unable to file its return by the original due date.
- Form FTB 3563 (541), *Automatic Extension for Fiduciaries*, is used **only** if an estate or trust cannot file Form 541, *California Fiduciary Income Tax Return*, by the original due date, and tax is due.
- Form FTB 3582 (e-file), *Voucher for e-filed Returns*, is used **only** when a tax return has been filed electronically, and there is a balance due.

Do not use any of the forms shown above to make installment payments for your clients that owe tax. Only the FTB can set up an installment agreement plan for your clients. Get form FTB 3567, *Installment Agreement Request*, for information on how to request an installment agreement plan for your clients. The taxpayer or you, as the preparer, can access the FTB Website at **www.ftb.ca.gov** (select *"Installment Agreement Request"*) for more information or to download forms to request an installment agreement.

Remind your clients NOT to mail any voucher, listed above to FTB if the "Amount of payment" is zero (0).

FTB Taxpayer Signature and Authentication Policy

The FTB's policy is to ensure proper authentication of the information provided to us by taxpayers. The level of authentication needed on specific documents depends on several factors, including how the FTB uses the information. To help you determine whether or not FTB will accept photocopies or facsimiles of a taxpayer's signature, FTB has categorized the level of signature authentication required into three groups. The category and its number (C1, C2, or C3) will print after the form number on each tax form. The three categories are:

Category 1 (C1)	Original authentication required; facsimiles acceptable only if original is subsequently provided.
Category 2 (C2)	Copy of signature is sufficient proof that original was signed; photocopy or facsimile is acceptable.
Category 3 (C3)	No authentication required.

Additional Credit Names, Codes, and Acronym Names

The tax software you use should include the credit acronym and code number for each additional credit shown below. See *"Claiming Additional Credits on Personal and Business Entity Tax Returns (Forms 100, 100S, 100W, 540, and Long Form 540NR),"* on page 8.

*PIT = Personal Income Tax *CT = Corporation Tax

Credit Name	Code	Acronym	PIT*	CT*
Child Adoption	197	CHILD ADOPT	X	
Child and Dependent Care Expenses	NONE	NONE	X	
Community Development Financial Institution Deposits	209	CDFI DEPOSIT	X	X
Dependent Parent	173	DEP PARENT	X	
Disabled Access for Eligible Small Businesses	205	DSABL ACCESS	X	X
Donated Agricultural Products Transportation	204	DONATE AGTRN	X	X
Employer Child Care Contribution	190	CHLDCARE CTR	X	X
Employer Child Care Program	189	CHLDCARE PRG	X	X
Enhanced Oil Recovery	203	ENHNC OILREC	X	X
Enterprise Zone Employee	169	E/Z EMPLE	X	
Enterprise Zone Hiring & Sales or Use Tax	176	E/Z HIRE/USE	X	X
Farmworker Housing: New Construction/ Rehabilitation	207	F/W HS CONST		X
New Construction/ Rehabilitation Loans	208	F/W HS LOAN		X
Joint Custody Head of Household	170	JT CSTDY HOH	X	
Joint Strike Fighter: Property Costs	216	JSFPROPERTY	X	X
Wages	215	JSFWAGES	X	X
Local Agency Military Base Recovery Area (LAMBRA) Hiring & Sales or Use Tax	198	LAMBRA HR/US	X	X
Long-Term Care	214	LONGTERM	X	
Low-Income Housing	172	LOW-INC HOUS	X	X
Manufacturing Enhancement Area (MEA) Hiring	211	MEA HIRE	X	X
Natural Heritage Preservation Tax	213	HERITAGE	X	X
Nonrefundable Renter's Credit	NONE	NONE	X	
Other State Tax	187	OTHER STATE	X	
Prior Year Alternative Minimum Tax	188	PRIOR YR AMT	X	X
Prison Inmate Labor	162	INMATE LABOR	X	X
Research	183	RESEARCH	X	X
Rice Straw	206	RICE STRAW	X	X
Senior Head of Household	163	SR HOH	X	
Solar Energy	217	SOLAR ENERGY	X	X
Targeted Tax Area (TTA) Hiring & Sales or Use Tax	210	TTA HIRE/USE	X	X
Teacher Retention Credit	Suspended for tax years 2004 and 2005			

Repealed Credits with Carryover Provisions	Code	Acronym	PIT*	CT*
Agricultural Products	175	AGRI PRODUCT	X	X
Commercial Solar Electric System	196	COMSLR EL CO	X	X
Commercial Solar Energy	181	COM SLR NRG	X	X
Contribution of Computer Software	202	CTB COMPSOFT		X
Employee Ridesharing: Employee Vanpool Program	194	R/S EMPLE VN	X	
Employer Ridesharing: Large Employer Program	191	R/S LG EMPLR	X	X
Small Employer Program	192	R/S SM EMPL	X	X
Employer Subsidized Public Transit Passes	193	R/S TRANSIT	X	X
Energy Conservation	182	NRG CSRV CO	X	X
Los Angeles Revitalization Zone Hiring & Sales or Use Tax	159	LARZ HRE/USE	X	X
Low-Emission Vehicles	160	LOW-EMS VHCL	X	X
Manufacturers' Investment	199	MFG INVSTMNT	X	X
Orphan Drug	185	ORPHN DRG CO	X	X
Political Contributions	184	POLTCL CTB	X	
Recycling Equipment	174	RCYCL EQUIP	X	X
Residential Rental & Farms Sales	186	RES RNT/FARM	X	
Ridesharing	171	R/S CO	X	X
Salmon & Steelhead Trout Habitat Restoration	200	SALMON/TROUT	X	X
Solar Energy	180	SLR NRG CO	X	X
Solar Pump	179	SLR PUMP CO	X	X
Technological Property Contribution	201	TECHPROP CTB		X
Water Conservation	178	WATRCSRV CO	X	
Young Infant	161	YNG INFNT CO	X	

Additional Credits

Field numbers 28 and 29 in the scanband on Form 540 are where your clients' additional credit amounts, if any, print. The appropriate three-digit numeric credit code number **must** precede the additional credit amount.

Additional Credit Example
Dependent Parent Credit (code 173) of $20 in field number 28. The scanband on Form 540 will look like this:

28 17320

Claiming Additional Credits on Personal and Business Entity Tax Returns (Forms 100, 100S, 100W, 540, and Long Form 540NR)
When your clients claim additional credits, the credit acronym, code number, and amount should print on the applicable lines of Forms 100, 100S, 100W, 540, and Long Form 540NR.

When a client claims credits on Schedule P (100, 100W, 540, or 540NR) and the credits are listed in more than one section, the tax software you use should total column (b) of the credits that have the same code numbers and bring the total forward to the applicable line of the tax return being filed.

If your client has any other credits to claim on Schedule P (100, 100W, 540, or 540NR), the tax software you use should add the amounts from column (b) for those credits and bring the total forward to the applicable line of the tax return being filed.

California's e-file Program

California Revenue and Taxation Code Section 18621.9 requires practitioners who prepare more than 100 individual state income tax returns annually and who prepare one or more current year returns using tax preparation software to e-file. For more information about mandatory e-file, go to **www.ftb.ca.gov** and search for: Mandatory e-file.

The FTB and the IRS have approved over 38,000 tax practitioners to provide e-filing services to the more than seven million California taxpayers expected to e-file during the 2005 filling season. Participating in the California e-file Program has many benefits for you and your clients. Here are some highlights:

- **Faster refunds** – The refund can be deposited directly into your client's bank account within five to seven banking days after the tax return is filed.
- **Proof of receipt** – We provide acknowledgement that we have accepted the tax return for processing.
- **Opportunity to correct errors** – Our system performs up-front edits on all incoming e-file tax returns. We let you know if we detect any errors, what those errors are, and allow you time to make any corrections. This step reduces subsequent notices to your clients.
- **Accurate tax returns** – Because most errors can be resolved before we accept your tax return for processing, less than one percent of e-file tax returns require special handling.
- **Safe** – We use the latest technologies to ensure the security and privacy of all taxpayer information. We receive most tax returns via modem transmission. Our Internet filing portal uses 128-bit Secure Socket Layer encryption-the industry standard. We have never experienced a breach of security in our e-file system. We have successfully processed over 16 million tax returns since 1994.

How to join the California e-file Program

To participate in the California e-file Program, you must:

- Be currently enrolled in the IRS e-file Program. Submit an application, federal Form 8633, to the IRS. Get the application from their Website at **www.irs.gov**.
- Have an approved electronic filer identification number (EFIN). Once the IRS approves your application, they will assign you an EFIN that we will also use.
- Complete and submit our online California e-file Program Participant Enrollment Form (FTB 8633). To find the online enrollment form, go to **www.ftb.ca.gov** and search for: Join the e-file program.
- Pass our suitability check. All business entities must be valid and licensed, their tax returns must be filed on time, and their liabilities must be paid and current.

We will notify you of your acceptance in the program and provide you with a CD of e-file resources. Keep your acceptance letter for your records.

To find out more about the California e-file Program:

- Visit the FTB Website at **www.ftb.ca.gov/online**.
- Email your inquiries to **e-file@ftb.ca.gov**.
- Call the e-file Help Desk at (916) 845-0353, Monday through Friday, 8 a.m. – 5 p.m., except state holidays.

Guidelines on How to Enter Taxpayer Entity Information on Computer-Prepared Business Entity (BE) Tax Vouchers

BE Entity ID Number, Name, and Address Entry Instructions
BE entity information is arranged in fixed positions with defined field lengths. Each field is dedicated to hold specific information. Use these instructions when you enter your client's entity ID number, name, and address information. It will help reduce processing time and help ensure refunds are mailed to the correct name and address.

- Alpha characters must be upper case.
- Entity ID number is a corporation number, federal identification number (FEIN), or Secretary of State (SOS) file identification number. The number can be up to 12 digits, including hyphen.
  - <u>Entity ID Number</u> field must be one of the following:
  - **Form 100-ES and form FTB 3539**
    - Corporation number - 7 digits, includes leading zeros
  - **Form FTB 3538**
    - FEIN - 10 digits, includes hyphen (-)
  - **Forms FTB 3522 and 3537**
    - SOS File Number - 10 or 12 digits (If SOS File Number is 10 digits, precede with zeros (e.g., "001234567891").
  - When the entity has applied for or does not have an Entity ID Number, enter the appropriate number of zeros in the Entity ID Number field. When entering zeros for the FEIN, include the hyphen (i.e., 00-0000000).
- Entity name control consists of the first 4 characters of the corporation, exempt organization, partnership, or LLC name, **with these exceptions:**
  - Spell out ampersand (&) as "AND" if (&) is contained in the first 4 characters of the entity's name. (See Business Entity Information Example 1.)
  - **Do not** space or use symbols or any punctuation, including hyphens (-) and slashes (/). (See Business Entity Information Example 2.)
  - **Do not** use "The" when it is the first work in the Entity's name. (See Business Entity Information Example 4.)

- **Do not** use punctuation, hyphens or blanks in the name control.

Examples:

Entity name:	The LTP LLC	Enter:	LTPL
Entity name:	ABC Incorporated	Enter:	ABCI
Entity name:	012-015 Apts	Enter:	0120
Entiry name:	9 Twelve	Enter:	9TWE
Entity name:	BZX	Enter:	BZX+
Entity name:	9-12	Enter:	912+

- Enter Form Type Indicator as:
  - Forms 100 = 1, 100W = 2, 100S = 3, 109 = 4, 199 = 5, If more than one form = 6, No form indicated = 0
- Enter Entity name (use business name as is):
  - The corporation, partnership, or LLC name may contain embedded spaces, hyphens (-), slashes (/), and ampersands (&). (See Business Entity Information Examples 1, 2, and 3.)
  - **Do not** use any other symbols or punctuation in the Business Entity Name field.
- Street Address information:
  - Other than the hyphen(-) and slash (/), use no punctuation or symbols in the Street Address field.
  - **Do not** use commas or periods to separate address information.
  - Use standard abbreviations for for the suffix of the street name. See "Standard Abbreviations" on page 5.
  - **Do not** enter suite and suite number/letter in the Street Address field. Enter in the designated Suite and Suite Numbe fields. These fields are on the same line as the Street Address field. **Note:** Use these abbreviations in the Suite field; STE, RM, FL, BLDG, and UN.
  - Enter Private Mailbox (PMB) and PMB number/letter in the PMB and PMB number/letter fields. These fields are on the same line as the Street Address field. "PMB" will print with a PMB number/letter. If no PMB leave both fields blank.
- Use Additional Information field for "Doing Business As" (DBA), "Owner/Representative/Attention" name, and other supplemental address information only. Other than the slash (/), use no punctuation or symbols in this field.
- Military "APO" or "FPO" addresses:
  - Enter "APO" or "FPO" in the first three positions of the City field.
  - **Do not** enter the name of the city for "APO" or "FPO" addresses. Enter the two-digit state code in the State field:

City Field	State Field	ZIP Code Range
APO	AA	34000-34099
APO	AE	09000-09999
FPO	AP	96200-96699 and 98700

- In the State field, use the standard two-digit abbreviation for the state or United States possession. See **"State and U.S. Possessions Abbreviations"**, page 5.
- If using a foreign address, enter the country beginning in the State field. (The foreign address field overlays the State and ZIP Code fields, plus five additional positions. The overlay area is for the foreign country's postal code.)
- The ZIP Code can be 10 digits (includes hyphen(-).)
- Apply these guidelines, then truncate if information exceeds the field length.

Business Entity Information Examples:

Example 1 Corporation

```
0000823  LPAN  44-1234567            05       FORM  1
TYB  01-01-04     TYE  12-31-04
LP & T CONSULTING SERVICES INCORPORATED
B GANGLER
123 MAIN ST
RANCHO CORDOVA    CA    95670-3720
```

Example 2 Partnership

```
99-7654321  LZ    1999712345678      04       FORM  0
TYB  01-01-04     TYE  12-31-04
L - Z

5800 SANTA ANITA AV               STE  2
EL MONTE         CA    92102-1230
```

Example 3 LLC:

```
200387654321  2011  95-8654321       04       FORM  0
TYB  00-00-00     TYE  00-00-00
2011 - 2015 - 2017 - 2019 WHASSUP STREET

4900 W CAMBRIDGE
ATLANTA          GA    30303
```

Example 4 Exempt Organization:

```
7777888  LTPL  99-7777777            04       FORM  6
TYB  01-01-04     TYE  12-31-04
THE LTP LLC
C VEGA
4545 BUTTERFLY LN

SACRAMENTO         CA   95823
```

Filing Business Entity Returns

To ensure accurate and timely processing of your clients' business entity returns that require Schedules K-1 (100S, 541, 565, or 568), use software that produces the FTB-approved schedules. Make sure that the substitute forms you use meet the FTB's requirements. Schedules K-1 (565 and 568) filed with incomplete information may cause the FTB to contact the partnership or limited liability company (LLC) for more information or return the Schedules K-1 to the partnership or LLC. Either circumstance may subject the partnership or LLC to penalties.

Note: Do not file

- K-1 data on microfiche;
- Federal Schedule K-1 (Sch. 1065);
- Database printout information; or
- Abbreviated schedules.

California Encourages Tax Preparers to File Paperless Schedules K-1 (565 or 568)

For the highest rate of accuracy and rapid processing of your clients' Schedules K-1 (565 or 568), file them on CD or diskette.

If you want to produce Schedules K-1 (565 or 568), use software that produces FTB-approved paperless formatting or contact a professional who can format them for you. For more information, go to the FTB Website at **www.ftb.ca.gov** and get FTB Pub. 1062, *Guide for Filing Paperless Schedules K-1 (565 or 568)* and K-1 (565 or 568), TestWare.

Mail Forms 565 and 568 to the FTB using the appropriate addresses. Do not attach paper Schedules K-1 (565 or 568).

Compliance with Partnership and LLC Filing Requirements for Paperless Schedules K-1 (565 and 568)
Before you submit your clients' paperless Schedules K-1 (565 or 568), make sure you complete the procedures shown below. Doing so will further ensure error-free files and timely processing.

Note:

- Mail Forms 565 and 568 to the FTB using the appropriate addresses. Do not attach paper Schedules K-1 (565 or 568).
- Confirm Schedules K-1 (565 or 568) have been formatted and put on a CD or diskette for **each** person identified on Forms 565 or 568, Question J.
- Confirm all fields on the Schedules K-1 (565 or 568) are formatted and completed as described in FTB Pub. 1062.
- Verify the paperless Schedules K-1 (565 or 568) that you format on a CD or diskette, reconcile to Forms 565 or 568, Schedule K-1 (565 or 568), and have been pre-tested with the K-1 (565 or 568) TestWare.
- Provide your clients with the information contained on their paperless Schedules K-1 (565 or 568) before April 15, or the applicable filing date. **Reminder:** The information you provide your clients does not have to print on a Schedule K-1 (565 or 568); it may be in a test format.

You can download and send multiple partnership and LLC Schedules K-1 (565 or 568) to the FTB on the same CD or diskette. It is not necessary to provide a separate CD or diskette for each individual partnership or LLC. Use form FTB 3604, *Transmittal of Paperless Schedules K-1 (565 or 568),* on CD or diskette, to provide the name, FEIN, and number of Schedules K-1 (565 or 568) that are included for each partnership or LLC on the CD or diskette.

K-1 (565 or 568) TestWare
The FTB provides K-1 (565 or 568) TestWare as a tool to help you accurately prepare paperless Schedules K-1 (565 or 568). The program validates the K-1 (565 or 568) files and enables you to submit your clients' Schedules K-1 (565 or 568) error-free via CD or diskette. The TestWare can also expand your files from a delimited format into the format required to process the K-1 information through the FTB's mainframe. **Reminder:** You can download a copy of the K-1 (565 or 568) TestWare from the FTB Website at **www.ftb.ca.gov** or you can call the e-file Help Desk at (916) 845-0353.

Substitute Schedules K-1 (565 or 568) Filing Requirements
If you choose to develop your clients' Schedules K-1 (565 or 568) (paperless or paper format), you must follow the same substitute forms review and approval requirements used by tax software developers, transfer agents, and others. You must complete and return to the FTB form FTB 1096, *Agreement to Comply with FTB Pub. 1098*. FTB Pub. 1098, *Guidelines for the Development and Use of Substitute, Scannable, and Reproduced Tax Forms*, includes the information you need to develop FTB-approved forms. To get a copy of form FTB 1096 or FTB Pub. 1098, please go to **www.ftb.ca.gov/forms**.

Note: The paper format of Schedules K-1 (565 or 568) may be either a one-sided or two-sided format. The one-sided format includes only those tax data lines applicable to the partner or member. The two-sided format includes all tax data lines. Software companies choose the format to include in their tax products and both formats require approval from the FTB.

Common Trusts and Investment Clubs

Common trust funds and investment clubs should use Form 565, *Partnership Return of Income*, to report their filing information. To help ensure accurate processing, common trust funds are required to use the principal business activity (PBA) code 525920. Investment clubs are required to use PBA code 523910. For further information, see the instructions for federal Form 1065, *U.S. Partnership Return of Income*.

Power of Attorney (POA) Program

We have a centralized POA database where we store POA declaration information we receive from your customers and clients. Only authorized FTB employees can view the POA declaration information.

We can mail a copy of most FTB computer-generated notices (some computer-generated notices are not yet available for this service) sent to the primary representative's clients.

For more information about the Power of Attorney program please see FTB Pub. 1144, *Power of Attorney Frequently Asked Questions*. This publication is available on the FTB Website at **www.ftb.ca.gov/forms**.

PLEASE NOTE: When filing a Power of Attorney from any other state agency, the form used must clearly state that the taxpayer wishes to be represented for FTB matters by specifying the exact tax year and California form number in question (e.g., 2002 California Form 540).

The Power of Attorney Form:

Form FTB 3520, *Power of Attorney*, has been revised to be more customer friendly and to help clarify required fields of information. To ensure accurate and timely processing of your client's POA declaration, be sure to provide the required information:

- Taxpayer's name and address.
- Taxpayer's social security number (or ITIN, if applicable) and/or business identification number.
- Name, address, telephone, and fax number of the individual(s) the taxpayer is authorizing to represent them.
- The specific years or periods involved.
- A clear expression of the authorities the taxpayer is granting the representative.
- Taxpayer's signature and date. If a joint authorization, both spouses must sign.

How to File a Power of Attorney with FTB

Mail to:

POWER OF ATTORNEY
FRANCHISE TAX BOARD
PO BOX 2828
RANCHO CORDOVA CA 95741-2828

For faster service, you may FAX form FTB 3520 to the FTB at: (916) 845-0523.

Where To Get Income Tax Forms and Publications By Internet

Go to the FTB's Website at **www.ftb.ca.gov/forms**.

Tax Professionals Services Available on the FTB Website

Be sure and visit the Tax Professionals area of the FTB Website at **www.ftb.ca.gov/professionals**. You will find helpful information to fulfill the needs of CPAs, enrolled agents, and attorneys. Subjects covered on the web page are:

- ***What's New –*** The latest in law changes, interest rates, and current year tax law changes
- ***e-file –*** online services and other paperless options
- ***General Information –*** Doing business in California, Power of Attorney, and Estates
- ***Assistance and self-service options***
- ***Law and legislation***
- ***Special taxes and withholding***
- ***California tax credits***
- ***Useful forms and publications***
- ***Links to other government agencies and professional organizations***

FTB's Tax Practitioner Services

The Practitioners' Hotline is dedicated to helping CPAs, enrolled agents, attorneys, and other tax practitioners with questions on tax law, forms, California reporting requirements, and account resolution matters.

We encourage you to provide any of the acceptable Power Of Attorney forms to the FTB. The information you provide on any of these forms allows you to receive confidential or sensitive taxpayer information. The FTB will accept the following Power of Attorney forms:

- Forms FTB 3520, *Power of Attorney,* and FTB 3520C-1, *Power of Attorney Declaration for Administration of Tax Matters*,
- Board of Equalization (BOE) Form 392, *Power of Attorney*,
- Federal Form 8821, *Tax Information Authorization*,
- Federal Form 2848, *Power of Attorney and Declaration of Representative*,
- Employment Development Department Form DE 48, *Power of Attorney*.

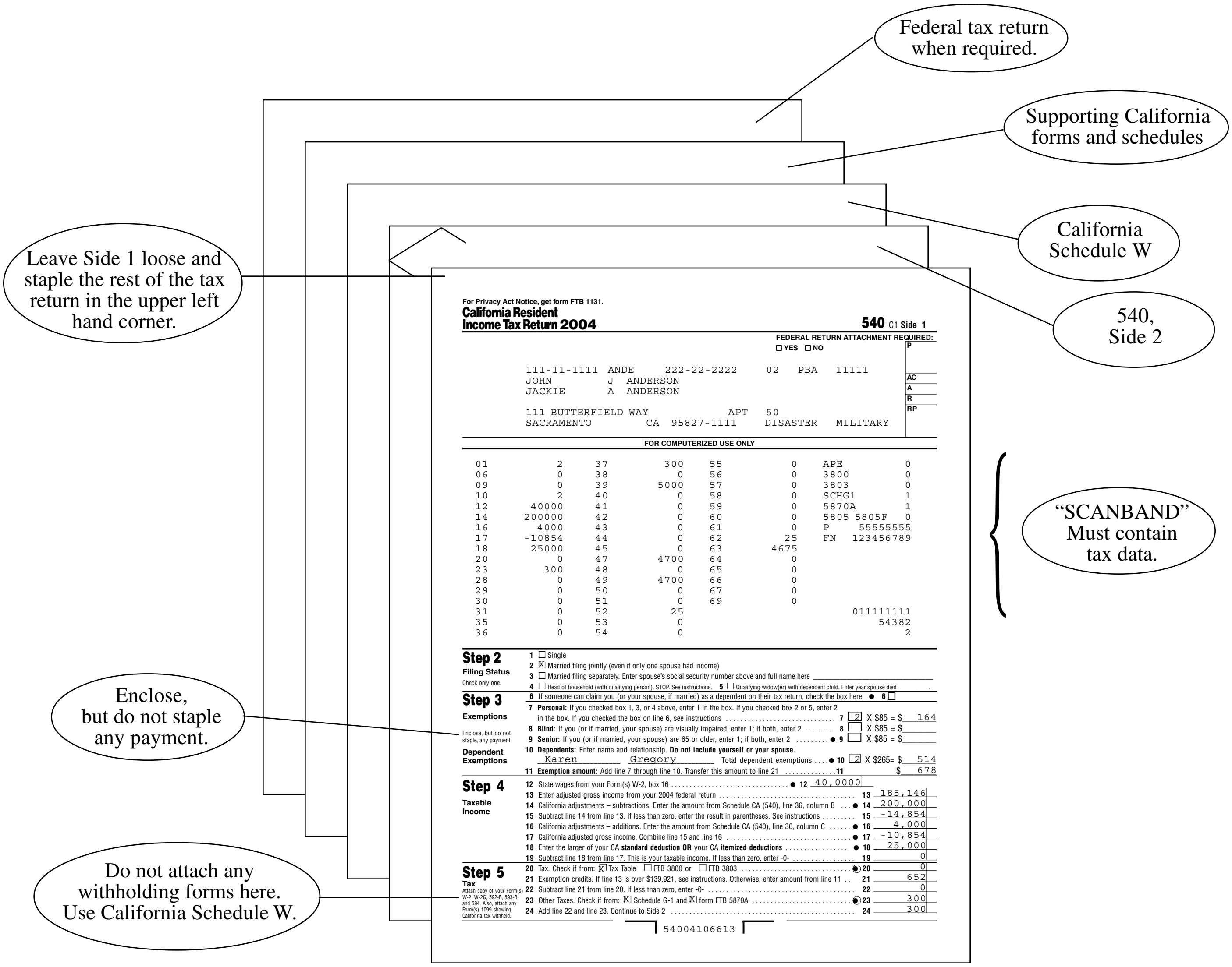
Note: The BOE, EDD, and federal forms must clearly state that the taxpayer also wishes to be represented for FTB matters by specifying the exact year and California form number in question (e.g. California Form 540).

The Tax Practitioners' Hotline telephone number is (916) 845-7057. If you call, be ready to provide client information such as social security number (or ITIN, if applicable), latest notice received, or facts relating to the inquiry. Customer Service Representatives can respond to questions on both personal income tax law and corporation tax law.

You can FAX correspondence 24 hours a day, seven days a week. The FAX number is (916) 845-6377. When you FAX your correspondence, be sure your cover sheet includes your business letterhead, FAX number, and daytime telephone number. In addition, please submit a copy of your *Power of Attorney* (form FTB 3520), if you have not already submitted one to FTB. To help ensure a response by FAX, it is recommended that you keep your FAX machine turned on at all times.

The Tax Practitioner's Hotline is staffed year round, Monday through Friday, 8 a.m. – 5 p.m. We are closed on all State and Federal holidays.

2004 Scannable Form 540 Assembly Guidelines



Tax Practitioner Tips for Computer-Preparing, Assembling, and Mailing Scannable Form 540

Item/Activity	Scannable Form 540
Monetary Amounts (Taxpayer's Tax Data)	Monetary amounts **must** print in the scanband and **must** be whole dollars without decimal points or other punctuation. Monetary amounts in the conventional part of the form must include decimal points or a vertical rule (penny line). **Note:** Most software is programmed to print whole dollars only followed by a decimal point.
Additional Credits Line 28 and Line 29	Credit acronym, code number, and amount will print on the applicable line(s) in the conventional part of the form. See example on page 7.
Direct Deposit of Refund (DDR)	DDR consists of three fields: 1) DDR routing number (Must be 9 positions. The first two positions **must** be 01 through 12 or 21 through 32); 2) DDR account number; and 3) DDR account type. You must complete **all three** fields when selecting the DDR option. **Otherwise, leave all three fields blank**.
FTB-Supplied Label*	**Do not** apply the FTB-supplied label to the tax return. FTB will capture the information that the software prints on the tax return.
Making Corrections*	**Do not** make corrections on the tax return. **Do not** modify the name(s), address, or tax data information. If there is an error, print a new tax return.
Submit Original Tax Returns*	**Submit original (hardcopy) tax returns. Do not** submit a photocopy. Tax returns should be single-sided, not two-sided.
Attaching California Supporting Forms and Federal Forms	Form 540 may require attachments. Include California supporting forms and schedules behind California Schedule W and follow with federal forms and schedules.
Attaching Wage Statements	Staple to California Schedule W the "state" copy of Form(s) W-2 and W-2G. Also attach any Form(s) 592-B, 593-B, 594, and 1099 showing CA tax withheld. **The Schedule W is then attached directly behind Side 2 of scannable Form 540.**
Enclosing payment	Enclose check or money order with tax return. **Do not staple to tax return.**
Assembling Tax Return	Leave Side 1 loose, staple Side 2 and any attachments in the upper left-hand corner.
Where to Mail the Tax Return	REFUND OR NO AMOUNT DUE: FRANCHISE TAX BOARD PO BOX 942840 SACRAMENTO CA 94240-0009 AMOUNT YOU OWE: FRANCHISE TAX BOARD PO BOX 942867 SACRAMENTO CA 94267-0009

*Apply these rules to all scannable vouchers (Forms 100-ES, 540-ES, 541-ES, FTB 3519, 3522, 3537, 3538, 3539, 3563, and 3582). Mail to the address shown on each form.

Tax Practitioner Tips for Computer-Preparing, Assembling, and Mailing Form 540 2EZ, Long or Short Form 540NR, and Form 540X

Item/Activity	Form 540 2EZ	Long or Short Form 540NR	Form 540X
Monetary Amounts (Taxpayer's Tax Data)	Monetary amounts may include decimal points or a vertical rule (penny line).	Same as Form 540 2EZ.	Same as Form 540 2EZ.
Additional Credits	Your clients may not claim additional credits.	Credit acronym, code number, and amount will print on the applicable line(s) of Long Form 540NR only. (Your clients may not claim additional credits on Short Form 540NR.)	Not applicable.
Direct Deposit of Refund (DDR)	DDR consists of three fields: 1) DDR routing number (Must be 9 positions. The first two positions **must** be 01 through 12 or 21 through 32); 2) DDR account number; and 3) DDR account type. You must complete **all three** fields when selecting the DDR option. **Otherwise, leave all three fields blank**.	Same as Form 540 2EZ.	Not applicable.
FTB-Supplied Label	**Do not** apply the FTB supplied label to the tax return. FTB will capture the information that the software prints on the tax return.	Same as Form 540 2EZ.	Same as Form 540 2EZ.
Making Corrections	Do not make corrections on the tax return. **Do not** modify the name(s), address, or tax data information. If there is an error, print a new tax return.	Same as Form 540 2EZ.	Same as Form 540 2EZ.
Submit Original Tax Returns	Submit the original (hard copy) tax returns. **Do not** submit a photocopy.	Same as Form 540 2EZ.	Same as Form 540 2EZ.
Attaching California Supporting Forms and Federal Forms	**Never** attach the federal tax return.	**Always** attach the complete federal tax return, include the supporting schedules and forms.	Attach all supporting forms and schedules for items changed. Include federal forms and schedules if you made a change to your federal return. Include name and SSN for taxpayer (and taxpayer's spouse, if any,) on all attachments. Include complete copies of the Federal Audit Report(s) if you are reporting changes made by the IRS.
Enclosing Payment	Enclose check or money order with tax return. **Do not** staple to tax return.	Same as Form 540 2EZ.	Same as Form 540 2EZ.
Where to Mail the Tax Return	REFUND OR NO AMOUNT DUE: FRANCHISE TAX BOARD PO BOX 942840 SACRAMENTO CA 94240-0002 AMOUNT YOU OWE: FRANCHISE TAX BOARD PO BOX 942867 SACRAMENTO CA 94267-0001	Same as Form 540 2EZ.	Same as Form 540 2EZ.

For Privacy Act Notice, get form FTB 1131.

TAXABLE YEAR

2004 California W-2 Attachment

CALIFORNIA SCHEDULE **W**

Attach this schedule directly behind scannable Form 540, Side 2

Name(s) shown on tax return

Social security number shown on tax return

Staple all copies of your Form(s) W-2, 1099, 592-B, 593-B, or 594 showing California Tax withheld to this page.

This schedule is intended only for W-2s, Wage and Tax Statements, etc.

Do not attach check or money order to this page.

SAMPLE